

1. EQUIPMENT AND FACILITY RELATED COSTS

I. PREFACE

A. Purpose and Content

The primary purpose of USPS-FY19-8 is to provide inputs to determine the volume variable equipment and facility-related costs by subclass for the CRA. USPS-FY19-8 also provides inputs for the calculation of cost pool and operations specific piggyback factors in USPS-FY19-25.

The CRA equipment-related costs are equipment depreciation (component 20.1), interest expense (component 20.5), maintenance labor (component 11.2), and parts & supplies (component 16.3.2). USPS-FY19-8 provides these costs by 26 cost pools defined by equipment type, using data from Postal Service accounting and engineering records. For each cost pool, costs are related to subclass through distribution keys indicated for each pool. Inputs are also provided to the CRA to calculate the distribution key to apportion costs for Intelligent Mail Devices (IMDs) Scanners.

The CRA facility-related costs are for space provision and space support. The space provision costs are rents (component 15.1), depreciation (component 20.3) and interest (component 20.5). The space support costs are fuel and utilities (component 15.2), custodial services labor (component 11.1), contract cleaners (component 11.1.2), building equipment maintenance labor (component 11.3), custodial supplies and services (component 16.3.1) and building security (component 18.1.2). These costs are divided into cost pools (or by activity) based on the FY 2019 estimates of square feet and rents by operation. These estimates are based on the FY1999 facility survey, updated using information on equipment deployments and other operational changes since FY1999. The facility space for the recently deployed SPSS have been included in the APBS/APPS categories at plants and NDCs. USPS-FY19-8 also provides a description of the variabilities and distribution keys for these cost pools.

B. Predecessor Document

Docket No. R2006-1, USPS-LR-L-54 and Docket ACR, FY 2018, USPS-FY18-8.

C. Corresponding Non-Public Document

There is no corresponding non-public document.

D. Methodology

USPS-FY19-8 uses the same facility space costing methodology as USPS-FY18-8 from Docket No. ACR2018.

E. Input/Output

FY 2019 facility-related cost factors use FY 2005 square feet and rents by operation from Docket No. R2006-1, USPS LR-L-54, page I-17, and also incorporate two additional facility space categories contained in the FY 2006 CRA (see Periodic Reports/Data Reports, filed July 27, 2007). The FY 2005 square feet and rents by operation are from the FY 2004 facility space and rents by operation from Docket No. R2005-1, USPS LR-K-54, part I, and additional facility space data are from the "Facility Space Usage Study", USPS LR-K-62. Rental rates per sq. ft. are based on USPS LR-G-120 in Docket No R94-1, Facility Cost Development Update, and December 1993. Rental rates are escalated using Global Insight, Rent Residential index. Total facility space is adjusted for annual growth/reductions using data from Facilities. Data on MODS work hours are from USPS-FY19-7, Cost Segment 3 Cost Pools and Other Information, part I. Engineering provided equipment deployment data. Information on Caller Service storage space is from USPS-FY08-28, Caller Service2008.xls.

FY 2019 equipment-related costs are based on maintenance labor and parts and supplies costs by equipment category from the Maintenance Activity Reporting and Scheduling (MARS) system. Depreciation costs by equipment category are based on equipment accounting records. Trial Balance costs are obtained from USPS-FY19-5.

USPS-FY19-8 provides the following inputs for the CRA Model (Nonpublic Version), USPS-FY19-NP13 and CRA Model (Public Version), USPS-FY19-31. Facility space factors are contained in FCILTY17.XLSX, sheets "Outputs to PRC CRA" and "POBox-Caller Service Split." The equipment factors are contained in FY19equip.XLSX, sheet "Output to CRA."

"FY19.IMD.SCANNER.KEY.INPUT.XLSX provides inputs for the CRA to calculate the distribution key used for distributing the depreciation, maintenance labor and parts & supplies costs for the Intelligent Mail Device (IMD) Scanners, which is component 997.

USPS-FY19-25, Operation Specific Piggyback Factors, relies on USPS-FY19-8 for facility space square feet and rents by category and for equipment-related costs by category.

II. ORGANIZATION

CRA FACILITY RELATED COST FACTORS,
VARIABILITIES & DISTRIBUTIONFCILTY19.XLS

CRA PROCESSING AND OTHER EQUIPMENT MAINTENANCE, PARTS AND SUPPLIES

COSTS: FACTORS & DISTRIBUTIONFY19EQUIP.XLS

CRA PROCESSING AND OTHER EQUIPMENT CAPITAL COSTS: FACTORS &
DISTRIBUTION.....FY19EQUIP.XLS

CRA INPUTS FOR IMD SCANNER DISTRIBUTION
KEY.....FY19.IMD.SCANNER.KEY.INPUT.XLS

Each of these three Microsoft Office Excel workbooks contains an overview of its
contents located on the first Excel worksheet.